



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

## MEMORANDUM

To: Reporters and Editors  
Re: Agricultural trade talks  
Da: Wednesday, March 19, 2003

Sen. Chuck Grassley, chairman of the Committee on Finance, today made the following comments regarding the second proposed text of Stuart Harbinson, chairman of World Trade Organization agricultural negotiations, on modalities for WTO trade talks:

“Successful negotiations at the WTO are critical for world economic growth. At the heart of these negotiations is agriculture. Without significant movement on agricultural liberalization, I fear that global trade talks are doomed. This means we have to go much further than the second Harbinson text. This second text, like the first one, fails to harmonize levels of domestic support. The European Union would still be allowed to provide three times as much support for farmers as the United States. This just isn’t right. The harmonization of domestic support will be key in reaching an agreement at the WTO.

“Tariff reductions on a simple average basis, as Harbinson proposes, won’t achieve the significant market access U.S. farmers, ranchers, and agricultural producers expect. We can and should do better. As with domestic support levels, WTO agricultural negotiations should focus on harmonizing agricultural tariffs. While I commend the Harbinson text for phasing out export subsidies, the proposed phase-out period of nine years is too long. Export subsidies are the most trade-disrupting of all trade measures. If we can’t agree on eliminating this type of support immediately – or at least much more quickly – we’ll have real trouble reaching agreement on meaningful trade reform in this round.

“Regrettably, the trade-distorting support contained in the ‘blue box,’ although capped and reduced, would still be permitted. The blue box, which is a major source of the European Union’s trade-distorting spending, should be eliminated. The United States has to continue to put pressure on other parties, especially the European Union and Japan, to move WTO agricultural trade negotiations forward.”